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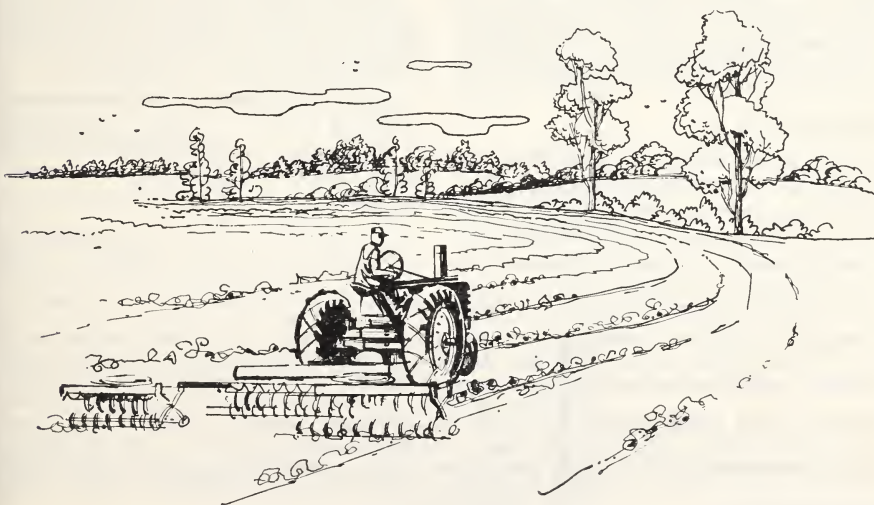
Agricultural Situation

WILL THIS BE A RECORD CROP YEAR?

Maybe, yes. Maybe, no. The July crop report points toward production equalling the record outturns of 1958 and 1959. But early season hopes may be dimmed or brightened as the growing season progresses.

In July our all-crop production index, which provides a handy method of sizing up total crop production, stood 18 percent above the 1947-49 base, the same as in the previous two crop years.

Farmers planted about 333 million acres for 1960 harvest. This was 4.5 million acres less than last year, and with the exception of 1958 the smallest acreage in over 40 years. Only small acreage losses are in prospect and harvested acreage is expected to total about 323 million acres. This is about 2 million less than last year, but a little higher than the acreage harvested in 1956, 1957, and 1958.





Crop—Continued

East of the Rocky Mountains, a cool, wet planting season held crop development behind the usual seasonal progress. Fall-sown grains were seeded late and were slow to awaken from dormancy following a late flurry of winter storms. Cool, wet weather delayed the start of spring planting in the South 2 to 4 weeks.

Late planting was generally enforced by adverse weather throughout the northward march of the spring planting season. Weather was not completely against the farmer. The cool, rainy weather which delayed the planting and early growth of fall harvested crops favored the development of the backward small grain crops.

Food Grains . . .

Total food grain production now looks to be 18 percent above last year. The winter wheat crop is the second largest of record. Spring wheat production is expected to be a fourth larger than the small 1959 crop, with a two-thirds increase in durum and a one-fifth increase in other spring varieties. Prospective rice production is close to last year. The rye crop is a third larger than last year, with a larger acreage and a record per acre yield.

Feed Grains . . .

Feed grain tonnage seems likely to fall below record 1959 production unless corn and sorghums out-do themselves in later showings. Corn acreage is 1 percent below 1959 for the Nation, but

plantings in the Corn Belt are slightly above last year. Yield prospects for the slow developing crop are below the record level of 1958 and 1959. Oat production is moderately above 1959, with better yield on a substantially lower acreage. Barley production is only slightly higher than last year. Less acreage was planted to sorghum than in 1959.

Soybeans . . .

Soybean acreage rebounded from the decline in 1959 to near the record level of 1958. Much more flaxseed is expected than last year, as a larger acreage was sown and higher yields are in prospect. Cotton acreage is 3 percent larger than last year while peanut acreage is 4 percent smaller.

Fewer dry beans are expected than in 1959. A smaller acreage was planted and prospective yields are below the 1959 record outturn. Both acreage and yield of dry peas are below last year in the important Washington-Idaho area. Production now looks to be a fourth less than in 1959.

Tobacco . . .

Tobacco production is expected to be above last year despite a late start. Acreage is nearly the same, but higher yields per acre are in prospect.

Sugar crop tonnage may edge above the 1959 record. A larger production of sugarcane for sugar and seed more than offsets a small decline in the sugar beet crop.

James Kendall
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WHAT'S THE OUTLOOK FOR COTTON?

The 1959-60 marketing year for cotton is behind us—it came to an end July 31. During the past year a sharp increase in exports and a small rise in domestic mill consumption reduced cotton stocks considerably.

The estimated carryover of about 7.6 million bales on August 1 was 15 percent below last year's and only slightly more than half the record carryover of 1956.

What about the 1960-61 marketing year? Disappearance of cotton in the United States during the year will probably be around 14.5 million bales—about 1.5 million fewer than in 1959-60. This decline in disappearance will occur because of smaller domestic mill consumption and exports of cotton.

Exports of cotton in 1960-61 may fall 1 to 1½ million bales below the estimated 7 million bales exported in 1959-60, which was the second highest export year of the postwar period.

Early season estimates point to larger cotton production in the foreign free world than the relatively small 16.3-million bale crop of 1959-60. On the other hand, consumption in the foreign free world is expected to be at a record high, and some further rebuilding of cotton stocks appears likely.

Mill Consumption . . .

Mill consumption in the United States during the 1960-61 season probably will be about 8¾ million bales. Last season our mills consumed 9 million bales. The slight decline in mill consumption is indicated by the recent increase in the ratio of stocks to unfilled orders for cotton broadwoven goods, and by declines in the value of fabric.

Acreage planted to cotton in 1960 was estimated on July 8 at about 16.3 million acres, compared with about 15.8 million a year earlier. Acreage

allotments totaled about 200,000 acres more than for 1959 and underplanting of allotments was less, particularly in the Delta and Southeastern States.

The proportion of the total acreage planted in the West in 1960 was 9.9 percent, compared with 9.5 percent a year earlier. The proportion planted in the Southeast was slightly above a year earlier. The proportions planted in the Southwest and Delta States were smaller.

Prices . . .

The monthly average 14 spot market prices for Middling 1-inch cotton from August 1959 to June 1960 were below average prices for the same months a year earlier.

The lower prices reflect the large supply in 1959-60 and the CCC sales prices for cotton purchased under the Choice A program and from earlier crops. For the 1960-61 season, the CCC sales price for Choice A cotton will be 110 percent of the Choice B loan rate, plus carrying charges, or the market price as determined by CCC. The Choice B loan rate for Middling 1-inch cotton at average location for the 1960 crop is 26.63 cents a pound. It was 28.40 cents a pound for the 1959 crop.

Frank Lowenstein

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CALF CROP UP 1 PERCENT

Our 1960 calf crop is expected to total 41.6 million head, 1 percent above the 1959 crop and 6 percent above the 1949-58 average. At this level, the calf crop will be the fourth largest of record, exceeded by the crops of 1954, 1955, and 1956.

The larger calf crop this year is the result of a larger number of cows and heifers on farms.

LET'S LOOK AT MOHAIR . . .

Know what mohair is? If that's too easy, then what's the difference between fall kid, spring kid, and adult?

Mohair, the principal product of the Angora goat, is primarily a textile fiber. It is commonly referred to in the textile trade as a specialty fiber, because the demand, to a large extent, is dependent upon style trends. Its most popular uses are in woolen and worsted clothing fabrics, in pile fabrics for upholstery, and in knitting yarns.

The chemical composition of mohair is similar to that of wool. It is a lustrous fiber and will take fast brilliant colors. The structure of the mohair fiber more nearly resembles that of wool than it does other hair fibers.

Methods of shearing mohair and preparing it for market differ in various sections of the country. On the Pacific coast and in the farm States of the Midwest, goats generally are shorn once each year, the time of shearing varying with the locality.

In Oregon, some 6-month mohair is grown, but owing to the relatively cold climate, the goats generally are not shorn until they are at least 1 year old. Consequently, Oregon does not produce any true kid hair and the entire clip generally is bagged together and sold at a flat price.

In California, Utah, and Missouri, only 12-month hair is grown and this also is generally bagged together and sold at a flat price.

In the Southwest, because of the warm weather, the goats are shorn twice each year. In New Mexico and Arizona, the growers normally segregate kid and adult mohair and bag each separately. They do not distinguish between fall and spring kid mohair nor do they separate yearling from the adult and kid hair.

In Texas, breeding takes place during October and November and the kids are born in the early spring. The first shearing is in the fall, when the kid is 6 or 7 months old. This hair is known as Fall Kid and is the finest type of mohair produced. The next shearing takes place the following spring, when the goat is approximately

1 year old. The hair obtained at that time is known as Spring Kid.

At the next shearing in the fall when the goat is 1½ years old, the hair is known as Yearling Mohair. Beginning with the fourth shearing the mohair is classified as Adult.

Texas is by far the largest mohair-producing State in the United States. In 1959, Texas accounted for about 97 percent of the total United States mohair production. Production of mohair in Texas during 1959 totaled 23.5 million pounds.

The production of mohair has almost doubled in the 7 principal States since 1952, as the number of goats clipped has increased from 2.3 million head to 3.8 million. The average weight per clip has also increased steadily during this 8-year period—from 5.3 pounds in 1952 to a record 6.4 pounds in 1959. A majority of growers have been stressing increased weights in their breeding programs.

Mohair producers in Texas received 97 cents per pound for mohair sold during the 1959 marketing year (April 1959 through March 1960). This represented a gross income of about 23 million dollars to these producers.

Since the 1955 marketing year, mohair has been included under provisions of the National Wool Act of 1954, as amended, at 70 cents per pound. However, for the first 5 years of this program, no payments have been made as the average price received by producers has averaged above 70 cents during each marketing year.

Domestic consumption of mohair has also increased slightly in the last few years, as its use as a specialty fiber has increased in the blending of fibers for apparel fabric use. However, the most substantial demand for the increased domestic production has been in the form of exports. Exports of mohair have increased from only 200,000 pounds in 1952 to 18.5 million pounds in 1959. The United Kingdom, the Netherlands, Japan, West Germany, and Italy are the principal countries receiving these exports.

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OUTLOOK

Broilers

Broiler prices will not sag as much as a year ago, even though summer slaughter will reflect the 12-percent larger chick hatchings of May and June. Demand is likely to show the usual summer strengthening, and it will receive a boost this year from the reduced supply and higher prices of pork. In mid-June, broiler prices to farmers averaged 17.6 cents—1.8 cents above a year earlier.



Wheat

The rapidly improving wheat crop is now expected to reach 1,347 million bushels—the third largest crop on record. Winter wheat prices dipped 22 cents below the support price in early July as harvest went into high gear, but prices will rise seasonally after the heavy market movement slackens.

Fruit

Production of all noncitrus fruits is expected to be 7 percent below last year, but 3 percent above the average. Reductions are likely in fresh market supplies, and in the canned and frozen packs. Grape production is expected to be about the same. The sweet cherry harvest looks like it will be up 5 percent.

Cattle

Fairly stable prices for fed cattle are likely for the rest of 1960. Marketings

will continue large as 4 percent more cattle were on feed July 1 in 21 leading States than a year earlier. Slaughter of non-fed cattle also will be up slightly. However, in the next few months the total meat production will be down from 1959 because of reduced hog slaughter.

Rice

Heavy exports have reduced rice stocks, but the crop in prospect is about the same size as last year's. The supply for 1960-61 is estimated to be about 3½ million cwt. below last season, and 6½ million below the 1954-58 average.

Soybeans

Farmers' prices for soybeans probably will hold near the current level until a seasonal decline sets in with the approach of harvest. Crushings for 1959-60 are estimated at 400 million bushels, not much different from last season. About 130 million bushels of soybeans are expected to go abroad, 20 million more than last year. These estimates point to stocks of around 40 million bushels next October 1—22 million fewer than last year.



Milk

Milk production continues about 1 percent above a year ago. Prices for both fluid and manufacturing milk are above 1959.



OUTLOOK

Continued . . .

Farm Income

Farmers' receipts from marketings in the first half of 1960 were slightly under the same period of 1959. (See the story on page 10.)

Feed

Feed grain supplies during the coming season will probably be about the same as in 1959-60. July 1 forecasts indicate that 159 million tons will be produced—4 percent under last year. An increase in carryover will about make up the deficit. Feed prices are averaging about 5 percent below last year, although they have advanced seasonally since winter. If prospects for the 1960 crops continue favorable, grain prices are likely to continue under the 1959 levels. The number of grain consuming animals is just about 1 percent fewer this year. More cattle are on feed but there are fewer hogs and poultry. Some further decline in the number of grain eating farm animals is likely in 1960-61. (See the story on page 8.)



Wool

Wool prices moved down in most world markets in June. The average price received by U.S. growers for shorn wool was 44.1 cents per pound in June 1960, down from 45.1 cents in May 1960, but slightly above the 43.5 cents in June 1959. Demand for the medium fleeces has been strong with prices of these wools relatively high compared with those of fine wool.

Flaxseed

The season's first estimate of flaxseed shows a 42 percent jump above last year. The prospective crop will be above domestic disappearance but stocks are small. Prices in the coming season for flaxseed are likely to average above the \$2.38 support, but below the \$3.02 average for the 1959 crop.

Vegetables

Supplies of fresh vegetables, while at their seasonal peaks, are expected to be slightly smaller than last summer. Prices to growers will probably average moderately higher during August than a year earlier.



Eggs

The reduced number of chickens raised for laying flock replacement will lower egg production during most of the rest of this year. Prices are likely to be higher than in 1959.

Tobacco

Tobacco production in 1960 is estimated at 1,843 million pounds, nearly 3 percent above the 1959 crop.

Cotton

Cotton acreage in 1960 is estimated at 16.2 million acres, about one-half million larger than a year earlier. (See the story on page 3.)



Hogs

A seasonal rise will lift hog prices this summer well above a year earlier. They will retain a good margin over last year through the seasonal decline this fall. Marketings have fallen below a year earlier because of the 16 percent reduction in last spring's crop and they will stay lower well into 1961 due to the prospective 4 percent cut in the fall pig crop.



LIVESTOCK AND MEAT IMPORTS ARE UP

Periods of high imports of meat animals and meat, such as has occurred during the past 3 years, are closely associated with relatively low domestic livestock production. Apart from rigid sanitation requirements, there are few limits on controls on imports of meat animals or meat. Hence, during recent years higher prices in the United States have attracted imports from our neighbors in increasing quantities.

The pickup in imports during 1957-59 came largely in cattle and beef—as it usually does—and is related to the cyclical reduction in cattle slaughter. U.S. production of the lower grades of beef has been lowered during the past 3 years as cows and other cattle have been withheld from slaughter for herd expansion. This meant that Canada and Mexico found it profitable to send us relatively large numbers of feeder and stocker cattle, and meats have been imported to supplement our output.

Total meat imports set a record last year—954 million pounds. That was 16 percent more than we imported in 1958 and nearly 3 times the 1951-55 average. Pork imports were down a little from 1958, but beef, veal, lamb, and mutton all showed significant gains.

Entry of cattle into the United States rose to a new high in 1958 when over 1 million head were imported. Last year imports eased off, but were still high at over 700,000 head.

The most significant feature of the year in sheep and lamb imports was the trans-Pacific shipments from Australia. They raised 1959 imports to nearly double the 1958 level. Hog imports were down sharply from a year earlier and below average.

During the first 6 months this year, meat and meat animal imports were down from the first half of 1959. The sharpest decline was in salted boneless beef from South America. Pork imports were also smaller, but lamb showed gains over early 1959 levels. Mutton imports during the first quar-

ter were above but currently are below a year before.

Cattle imports this year are below last year, but imports of sheep and lambs are larger due to the receipt during the first quarter of 23,286 head of lambs from Australia.

Most of the meat we imported in 1957-59 was frozen boneless beef and mutton to be used for processing. U.S. sausage makers and canners generally supplemented the reduced domestic supplies of these meats with imports rather than bid for higher priced carcasses that usually go into the retail trade as fresh meat. Hence, imports did not generally compete directly with domestic Good, Choice, and Prime carcasses produced in this country, but were used in making lunch meats, canned meats, and other processed products.

Last year's total meat imports of 954 million pounds included 469 million pounds of boneless beef and veal, 47 million pounds of mutton, and 96 million pounds of "other canned, prepared, or processed meat."

If we convert cattle imports to a beef equivalent and add this to beef and veal imports, we find that imports last year were equal to about 8.6 percent of our domestic production. This ties the previous record set in 1958 and compares with an average 3.6 percent during 1948-57.

The gain in imports over earlier periods is more striking for lamb and mutton. Imports of live animals plus lamb and mutton were equivalent to 7.9 percent of our production. In 1958 this percentage was 3.6 and averaged less than one percent in 1948-57.

Even with this level of imports the average consumer had less meat available than in 1956. Per capita consumption of red meats declined from 166.7 pounds in 1956 to 152.0 pounds in 1958. Consumption rose to 160.1 in 1959, but the increase was due primarily to pork.

Earl Miller
Agricultural Economics Division, AMS

FEED GRAIN SUPPLY ABOUT THE SAME AS LAST YEAR

Another big feed grain crop and record carryover stocks of old grain may give us a 1960-61 supply about equal to the record supply last year. Prospects for 1960 feed crops were favorable in early July, although feed grains got off to a late start in most areas of the midwest. Based on July 1 indications, production of the four feed grains—corn, oats, barley, and sorghum grains—will total 159 million tons, only 4 percent below the record crop of 1959.

Carryover . . .

While feed grain production is down from last year, carryover is expected to set a record of about 77 million tons, up 9 million from 1959-60. Based on these early prospects the total feed grain supply would be around 236 million tons, compared with the 1959-60 supply of 234 million.

The total supply of all feed concentrates for 1960-61, which includes wheat and rye for feed and byproduct feeds in addition to the feed grain supply, is estimated at 265 million tons. This also is slightly above last year's record supply and 27 percent larger than the 1954-58 average.

While feed supplies are large, livestock numbers are down a little this year from last and a further decline is in prospect for 1960-61. The number of grain-consuming animal units to be fed in 1959-60 is estimated at 168 million, 2 million less than in 1958-59. The increase in the number of beef cattle on feed will be offset by the reduction in hog and poultry production this year.

In 1960-61 the number of grain-consuming livestock on farms is expected to decline another 2 million units to 166 million, principally as a result of the cut in hog production this year.

Our use of feed grains is expected to reach a record 157 million tons in 1959-60, about 7 million over 1958-59. In the last 3 years increased consumption

has been due largely to the sharp increase in the rate of feeding per head of livestock. The record supply in prospect for 1960-61 is sufficient to permit a continuation of this high rate of feeding and leave a little larger carryover at the close of the 1960-61 season.

If July 1 prospects materialize, our corn supply for 1960-61 will total close to 6 billion bushels. This would be slightly above last year's record supply of 5,892 million bushels. Although the corn crop got off to a late start, a crop of 4,079 million bushels is in prospect, second only to the record crop of 4,361 million in 1959. The carryover of corn next October 1 will be close to 1.9 billion bushels, nearly a fourth larger than last year.

Farmers reduced their 1960 corn acreage about 1 percent from 1959 to a little under 85 million acres. Most of this cut is in the South, where acreage has trended downward for a number of years.

The crop is later than normal in much of the Corn Belt and is more dependent than usual on favorable weather during the remainder of the growing season. Early fall frosts or wet weather at harvest time could result in soft or wet corn this year, such as in 1957 and 1959.

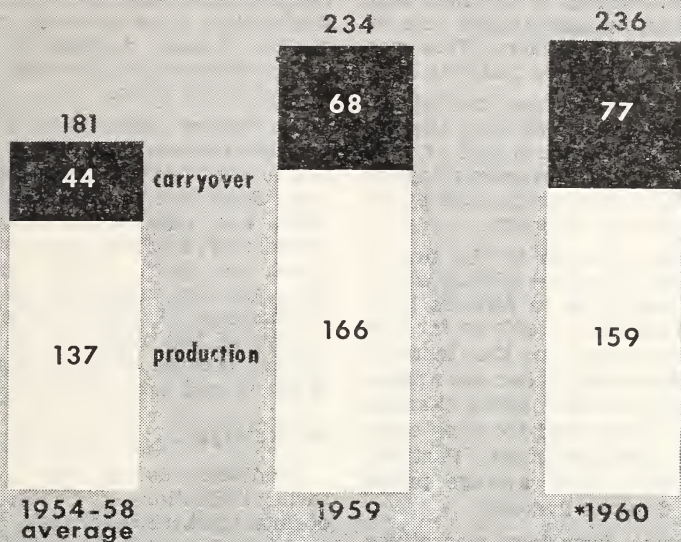
We've been using a lot more corn in recent years. In 1959-60 around 4 billion bushels may be used, about 1 billion more than 5 years ago. If disappearance continues at this high rate in 1960-61, our carryover will not increase much from the 1960 level.

Oats . . .

Our oat supply for 1960-61 is estimated at a little over 1.4 billion bushels, 15 percent below the 1954-58 average and slightly smaller than in 1959-60. Production of oats this year, based on July 1 indications will be 6 percent larger than in 1959, but the carryover of oats is much smaller.

FEED GRAIN SUPPLY

(million tons)



* Based on July 1 indications

NEG. 7957-60[7]

AGRICULTURAL MARKETING SERVICE U. S. DEPARTMENT OF AGRICULTURE

The total supply of barley for 1960-61 is estimated at about 614 million bushels, 3 percent below the 1959-60 supply. The smaller supply is due entirely to the drop in July 1 carryover. The 1960 crop estimated on July 1 at 427 million bushels, was 2 percent above the 1959 crops.

The first estimate of the grain sorghum production will not be made until August, but present indications point to another big supply. The sorghum acreage planted this year is down 2 percent from 1959. But, ample rain in the Great Plains and Southwest have aided early growth of the crop.

The 1960 season has been favorable so far for hay crops and pastures. Hay production is estimated at 116 million tons, 3 million more than in 1959. The May 1 carryover, however, was much smaller than it was last year. The total supply estimated in July at 133 million tons is nearly 6 million below the 1959-60 supply.

Prices . . .

Feed grain prices this summer continue lower than a year earlier although they have advanced seasonally since last winter. In June prices received by farmers were down 5 percent from a year ago.

Ample feed supplies and reduced hog and poultry production have influenced feed prices in the first half of 1960. Prices probably will continue a little lower than a year earlier this summer and fall if prospects continue favorable for 1960 crops.

Corn prices probably will decline seasonally during the next few months and may average a little lower this fall and winter than in that period of 1959-60. Oat prices have been high in relation to corn during 1959-60 and probably will continue relatively high in 1960-61 in view of the short supply of oats in prospect.

Malcolm Clough
Agricultural Economics Division, AMS

REALIZED NET FARM INCOME AT \$11 BILLION RATE

A substantial improvement in the second quarter has raised farmers' realized net income in the first half of 1960 to an average annual rate of approximately \$11 billion. This was only 3 percent below the full year 1959.

Cash receipts from farm marketings in the first half of 1960 were slightly smaller than in the first half of 1959 as a small decline in average prices of farm products was partly offset by an increase in volume of sales.

Production expenses in the first 6 months were at a level slightly above 1959, but cost rates to farmers have generally held fairly stable so far this year. Contributing to the increase from last year were higher wage rates, property taxes, and interest charges, plus higher prices paid for some commodities of nonfarm origin. Partially offsetting were lower average prices for feed and feeder livestock.

Cash receipts from farm marketings of approximately \$13.8 billion during the first half of 1960 were only about 1 percent below the first half of 1959. Receipts rose from 91 percent of 1959 in January to 103 percent in June. For the 6 months, the volume of marketings average about 2 percent higher and prices 3 percent lower than in the 1959 period.

Livestock Receipts . . .

Farmers received about \$9.1 billion from livestock and livestock products during the first 6 months of 1960, down nearly 3 percent from 1959. The decline was accounted for by lower cattle and hog prices. Cattle prices were down 10 and hog prices 6 percent. Receipts from dairy and poultry products were up about 2 percent. Receipts from wool were off because of smaller marketings.

First-half crop receipts at \$4.7 billion were up about 1 percent, mostly because of larger marketings of corn and soybeans and higher prices for potatoes. These increases were partly

offset by smaller marketings of wheat and smaller marketings and lower prices for cotton lint and oranges. While these crops accounted for most of the change, declines in receipts were registered for 28 crops and increases for 46 others.

Preliminary estimates for June 1960 indicate receipts from farm marketings of nearly \$2½ billion, up 3 percent from June 1959. Receipts from livestock and products are tentatively placed at \$1.6 billion, nearly 4 percent above last year. Higher prices for eggs and hogs accounted for most of the increase. Tentative crop receipts in June of \$0.9 billion are up nearly 3 percent because of larger marketings of wheat and corn.

Marketings . . .

Conditions as of July 1 support earlier indications of a record volume of farm marketings for 1960. The volume is estimated to be about 1 percent more than in 1959 and 29 percent more than the 1947-49 average. This estimate assumes average weather and growing conditions for the rest of the year.

Marketings of livestock and products in 1960 are expected to be about the same as in 1959. Marketings of cattle and calves will likely exceed last year, with increases indicated for both fed and grass cattle. Hog marketings, on the other hand, will be down as a result of the 16-percent smaller pig crop this spring. Poultry marketings may be slightly below 1959. The volume of crop marketings is expected to surpass 1959, with increases indicated for some food grains, tobacco, and oil crops.

Ernest W. Grove
Agricultural Economics Division, AMS

THE FARMER'S SHARE

The farmer's share of the consumer's food dollar was 39 cents in May, the same as in April. In May 1959 the farmer's share was also 39 cents.

POULTRY INSPECTION FOCUSES ATTENTION ON HUSBANDRY PRACTICES

Some commercial poultry producers, particularly in the broiler-fryer chicken industry, will have to pay closer attention to their husbandry practices if they want to avoid serious economic loss in the months ahead.

Condemnations of poultry inspected under the Poultry Products Inspection Act have posed serious problems for some producers. In areas where the incidence of disease was particularly heavy, condemnation rates of 10 to 25 percent were not uncommon in isolated flocks.

Looking into the problem, the Agricultural Marketing Service sent a two-man team to 55 farms experiencing high condemnations. The team found that in nearly every case producers had neglected one or more recommended poultry husbandry practices.

Programs . . .

Some major poultry-producing areas have worked out cooperative programs to help poultry producers solve the problem. Under one of the programs a poultry inspector who finds a flock with a high condemnation rate calls the State diagnostic laboratory. Laboratory technicians obtain samples of the condemned product, determine the cause of trouble, and notify State Extension staff members, who then advise the poultryman on ways to improve his production practices.

Federal poultry inspection, after operating on a voluntary basis since 1927, became compulsory on January 1, 1959 through an Act of Congress. The Act gave USDA responsibility for inspecting poultry products in processing plants selling their products in interstate commerce.

Volume . . .

The volume of poultry and poultry products certified as wholesome in 1957, the last full year before the Act became effective, was slightly more than 1.5 billion pounds. In 1959, the first year under compulsory inspection, nearly 5 billion pounds were certified as wholesome. Around 90 million pounds were condemned.

The rapid upswing in the amount of poultry certified by Federal inspectors in 1959 accounts to some degree for increased condemnation rates. But other factors also appear to have been involved.

Under the voluntary inspection program, probably only healthier flocks went to plants using the inspection service. In recent years, as broiler production expanded at a rapid rate, a number of producers whose birds were not inspected apparently began to neglect important production practices influencing the health of their birds.

Lower condemnation rates seem to prevail in areas of the country where much of the poultry marketed in the past has been inspected. This finding seems to support the theory that producers who marketed poultry at inspected plants in the past learned to exercise greater care in their husbandry practices. Mandatory inspection—as it brings more poultry to inspected plants—will enable poultrymen to discover their faulty practices and correct them.

Raymond D. Wenger
Poultry Division, AMS

Poultry Publication Available

Farmers who produce and market their own poultry face the necessity of gearing their slaughter and market methods to standards equal to those of plants approved under the Poultry Products Inspection Act. A new USDA Farmer's Bulletin—Processing and Marketing Farm Poultry—offers help to small producers who want to stay abreast. The bulletin covers processing, inspection, grading, and packaging. It also offers some tips on marketing. If you're interested in a free copy, drop us a card. Ask for Marketing Bulletin 7. Our address: Agricultural Situation, Marketing Information Division, AMS, USDA, Washington 25, D.C.

WHEN SHOULD YOU SELL YOUR SOYBEANS?

If you're producing soybeans, one of the biggest decisions you have to make is when to sell your beans. A closer look at what's been happening to soybean prices may help you make *your* decision.

In the past 3 or 4 years, the seasonal price pattern has changed. Prices farmers receive for soybeans don't move up and down during the season as much as they used to. The rise from the seasonal low to the seasonal high has been much less than it used to be.

For example, during the last 4 seasons, the rise from a low in October to a high in May has averaged 13 cents a bushel or 7 percent. But in the 7 seasons before then, prices rose an average 55 cents or 23 percent.

Soybean prices have also reached their peak sooner—in April instead of May—and a large part of the rise has been occurring by January.

Reasons . . .

Several developments have contributed to these changes in the seasonal pattern of soybean prices. Soybean production has expanded more rapidly than market outlets. Prices to farmers have averaged close to the support price which has been lowered in recent years.

Increased participation in the price support program and large stocks held under Government control have had the effect of flattening the seasonal swings in soybean prices. The Commodity Credit Corporation's sales-pricing policy for soybeans acquired under the support program in recent years has had a stabilizing effect on soybean prices.

Another factor lending more stability to soybean prices includes more uniform distribution of marketings during the marketing year because of more adequate farm storage facilities.

Soybeans are harvested in a relatively short period in the fall of the year, but they are consumed by proc-

essors and exporters at a fairly even rate throughout the entire marketing year. This means that supplies of beans must be carried forward from one harvest to the beginning of the next. Because of the storage costs, soybeans in April or May are actually worth more than in the previous October.

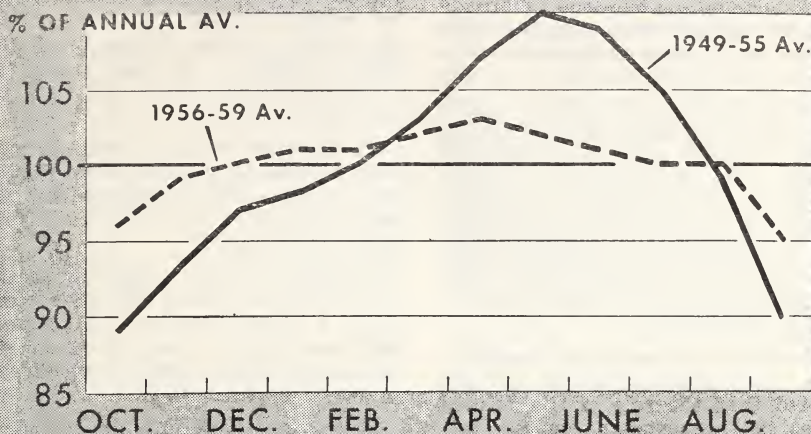
The seasonal increase in soybean prices over the years should average out to cover the cost of storage, which includes use of storage space, shrinkage, interest, extra handling costs, losses, damage, insurance, and taxes. The change in grade for soybeans while in farm storage usually is negligible so it is not an important factor offsetting seasonal price changes.

The soybean movement from farms takes place rather quickly after harvest, but marketings have slowed some in the past few years. Because of favorable storage gains in earlier years, many farmers shifted to farm storage and later marketings. Consequently, soybean prices have not fluctuated as widely as in prior years. During 1957-59 an average of 63 percent of the soybean crop had moved from farms by January 1 whereas during 1949-55 the proportion marketed by that time averaged 67 percent.

Soybean prices are usually low in October when harvesting of the crop is in full swing. Prices normally rise as farmers reduce their marketings and usually reach a peak in May. The high price may come a month sooner or later than this date.

The flattening seasonal price pattern for soybeans which has evolved in recent years along with a maturing soybean industry has reduced the profitability of farm storage. Future seasonal price spreads probably will continue comparatively narrow as measured against earlier standards in the industry. Factors tending to lend more stability to the seasonal swing in soybean prices include (1) more adequate storage facilities, (2) the price support program for soybeans, and (3) increased participation in the futures market.

SEASONAL VARIATION IN SOYBEAN PRICES



BASED ON U. S. AVERAGE PRICES RECEIVED BY FARMERS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 7940-60 (6) AGRICULTURAL MARKETING SERVICE

Prices farmers receive for soybeans during the course of a season are not fluctuating as much as they used to. For example, in 1949-55 the average price they received in October was around 11 percent below the average price they received for the whole season. But in 1956-59 the October price was around 4 percent below the season's average price.

Increased storage facilities particularly on farms, and at country elevators are helping the farmer delay sales and market the crop in a more orderly manner. The general tendency for farmers to store more beans on the farm and sell them later in the season reduces the seasonal price swings. It also reduces seasonal congestion of handling facilities at country and terminal elevators at harvesttime.

Supports . . .

Price supports, which reduce the risk of holding beans for sale at a later date, have been an important factor in the growth in storage facilities. (In order for a farmer to receive a price support loan the storage facility must be approved by the local ASC committee.)

The CCC price support program for soybeans likely remains an important factor affecting the seasonal movement of soybean prices. Price supports have

tended to cushion price declines in some years of heavy production and also exert a stabilizing effect on price fluctuations during the marketing year.

The storing of large quantities of soybeans under loan to the CCC tends to equate the seasonal price rise with storage costs, thereby reducing profits during the storage. The subsequent sale of CCC soybeans back into trade channels tends to reduce price fluctuations during the summer months. As a matter of fact, the CCC selling price tends to stabilize soybean market prices at about the CCC sales price, because processors and exporters will turn to CCC for supplies if the free market price should rise above the Government minimum sales price.

The soybean futures market is becoming an increasingly important factor contributing to the relative stability in soybean prices as well as facilitating the orderly movement of the

(Continued on the next page)

Soybeans—Continued

crop. Increased participation in futures market trading tends to narrow the seasonal rise in soybean prices. The futures market reduces the cost of risk in handling the crop by broadening the market for risk and making it easier to hedge inventories of soybeans and soybean products.

Activity in soybean futures usually increases in the early months of the marketing year and then gradually subsides. The trading volume on the Chicago Board of Trade so far during 1959-60 has been the highest of record since the beginning of soybean trading in 1936, and this undoubtedly contributed much to the effective marketing of the 1959 crop.

If soybean prices hold generally above price support levels, it is to be expected that the role of the futures market in the soybean economy will grow in importance and this in turn should help minimize the seasonal swings in soybean prices.

Soybean prices mainly reflect the combined value of the oil and meal processors obtain from the beans as over 70 percent of the annual soybean production is crushed. The prices of soybean oil and soybean meal are in turn affected by supplies and demands for fats and oils and protein feeds. For the oils these include cottonseed oil and lard in the U.S. and a large number of other fats and oils (edible and inedible) in world markets. For the meal it includes cottonseed, linseed, copra, and peanuts meals, other protein feeds, as well as corn and other feed grains. Changes in the prices of these products may either sharply rise or lower the price of soybeans during the marketing year.

Export demand for soybeans is also an important price-making force as over 20 percent of our annual production moves into world markets. Supplies of competitive oilseeds, fats, oils, and their products from foreign exporting countries is a major determinant in the level of U.S. exports. Soybean seed used for planting requires about 6 percent of the U.S. crop annually.

George W. Kromer
Agricultural Economics Division, AMS

CATTLE AND CALVES ON FEED UP 4 PERCENT

On July 1 around 5.6 million cattle and calves were on feed in the 26 major feeding States—Pa., Okla., Tex., the North Central States, and the Western States. (If you're not "up" on your regions, check the map on page 16.)

In 21 of these States, 5.4 million head were on feed—4 percent more than a year earlier (1959 numbers are not available for Wyo., N. Mex., Nev., Wash., and Oreg.).

Numbers were up 1 percent in the North Central States and 11 percent in the 6 Western States with comparable 1959 figures. Only 6 of the 21 States had fewer cattle on feed than on July 1 a year ago.

In the 21 States the largest percentage increase from a year earlier was in lightweight animals—those weighing less than 700 pounds. Cattle and calves weighing less than 500 pounds and those weighing 500 to 699 pounds were both up 23 percent from July 1, 1959. In the 700- to 899-pound group, numbers were down 4 percent, but those weighing over 900 pounds were up 2 percent.

On July 1 cattle and calves on feed less than 3 months were down 5 percent from a year earlier. But the number on feed 3 to 6 months was up 7 percent, and those on feed more than 6 months were 13 percent higher.

Fed cattle marketings in the 21 States during the April-June quarter totaled around 3 million head—4 percent more than in the same period of 1959.

Around 2 million cattle and calves were placed on feed in the 21 States during April, May, and June—6 percent less than during the same period of 1959.

Cattle feeders in the 21 States expect to market 6 percent more cattle this July, August, and September than they did during this period in 1959. Marketings from the 26 States during the July-September quarter are expected to total 3.2 million head.

D. L. Herbert
Agricultural Estimates Division, AMS

"Bert" Newell's Letter

You remember, it was about 4 years ago that I wrote to you about a trip to Alaska. Ever since that trip—as a matter of fact, as far back as the forties—the people in what is now our 49th State have wanted a crop and livestock estimating service. This year Congress provided funds for a permanent service. So, we developed a cooperative agreement with the State, and I went to Juneau to meet with the State folks.

Let me introduce a few of the people who are most concerned with this new undertaking. First of all, there is Phil Holdsworth who is the Commissioner for the Bureau of Natural Resources for the State. Then, there is Jim Wilson who is head of the Division of Agriculture. Jim has been in charge of the agricultural work for a number of years, and it is with his Division that we will have the most direct cooperative working relation. In Alaska, as in several other States, the Agricultural Experiment Station is also actively participating in the program. Dr. Allan Mick, who is Director of Experiment Station and Extension Service, has for a number of years been most anxious to obtain the services of a State Agricultural Statistician. The State Statistician is Paul Pownall, who has had a long and wide experience with our Agricultural Estimates Division. He has worked in several States from the Atlantic to the Pacific, and just prior to his assignment to the Alaska office he was Assistant Statistician in Charge in the State of Wyoming.

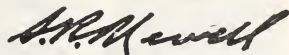
All of us met at Juneau on July 28, 1960, to make final arrangements for opening the office. Last fall and the early spring Jim and Allan and Paul had been working together on the plans and had all of the preliminary arrangements worked out. The new office will be located at Palmer, just north of Anchorage and in the center of the Matanuska Valley, the most important agricultural area in the State. Of course, it's going to take a little

while to get everything going smoothly on a permanent basis, but things are moving fast so we can expect a regular program of agricultural reports soon.

As I have said before, though, I believe that the agricultural potential in Alaska is tremendous and what is there now is of very great importance to the people in the State. I know of no better way to appreciate the need for basic agricultural statistics than to go into an area where these basic facts are not available. Without them, planning for production and marketing is a hit-or-miss proposition with more misses than hits. Agricultural research needs these facts to plan constructive programs for the benefit of the farmers and to measure progress of their accomplishments. All kinds of industries and businesses draw heavily on the information which this service provides.

You know, we have had an office in Hawaii for several years, and during the coming year the service in that State will be strengthened and expanded. So, now let's take a quick look at the scope of your Crop and Livestock Estimating Service. From Washington to Honolulu, Hawaii, we are already spread almost one-fourth of the way around the world in one direction. With the opening of the office at Palmer we will be covering agriculture from approximately the Arctic Circle to the Tropics. When we release a livestock report at noon in Washington, the folks in the Agricultural Estimates office at Honolulu and Palmer will be just about ready to take that long stretch and shut off the alarm clock for the new day. The middle of the afternoon for them will find us folks here on the East Coast at home eating dinner. Quite a stretch of territory to cover, isn't it?

So, now, we here in Washington are quite happy to welcome our new State Statistician's office. From now on the Crop and Livestock Reporting Service will cover all of our 50 States. It was an interesting meeting at Juneau, and, I repeat, I enjoyed meeting again our fine friends and grand folks from Alaska.



S. R. Newell
Chairman, Crop Reporting Board, AMS

August 1960

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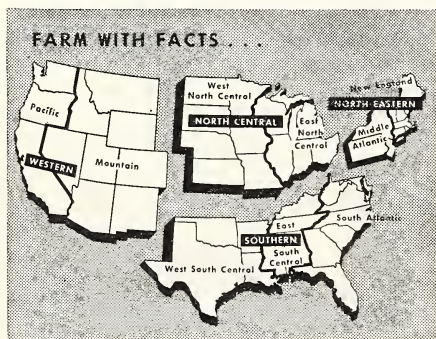
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